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IOWA INCORPORATION PRACTICES RE-EXAMINED—PART I

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BACKGROUND

In a series of articles written nearly twenty years ago, after examination of articles of incorporation and other corporate documents filed with the Secretary of State of Iowa during the first six months of 1952, various aspects of incorporating businesses and societies in Iowa were discussed.¹ Significant changes in statutes and in attitudes toward incorporation have taken place since then. In 1959 Iowa adopted a modern incorporation statute as an alternative for the antique, inadequate law in effect at that time;² and, as of July, 1971, the older law can no longer be used for most new incorporations.³ Also in 1959, income tax laws were changed to "neutralize" the tax factors involved in choosing between a corporate and a noncorporate form of organization for a new or expanding business.⁴ Tax planning has emphasized the fringe benefits available, often at significant tax savings, to shareholder-employees of corporations that are unavailable or less readily available to owner-employees of unincorporated businesses.⁵ This factor plus estate planning advan-

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¹ Hayes, *Iowa Incorporation Practices—A Study: Introduction and Part I*, 39 IOWA L. REV. 409 (1954); Hayes, *Authorization and Issuance of Capital Stock by the Iowa Corporation*, 39 IOWA L. REV. 608 (1954); Hayes, *Corporation Cake with Partnership Frosting*, 40 IOWA L. REV. 157 (1954); Hayes, *Stockholders' Rights in the Iowa Corporation*, 40 IOWA L. REV. 459 (1955); Hayes, *Directors and Officers in the Iowa Corporation—Conclusion*, 40 IOWA L. REV. 507 (1955).

² IOWA CODE ch. 496A (1971); the old law is in ch. 491.

³ Iowa Laws ch. 240 (1971).

⁴ See INT. REV. CODE of 1954 §§ 1371-79 (popularly known as Subchapter S), discussed in 6 E. HAYES, IOWA PRACTICE—CORPORATION LAW AND PRACTICE §§ 1031-55 (1969).

⁵ See 6 E. HAYES, IOWA PRACTICE—CORPORATION LAW AND PRACTICE §§ 993-1004 (1969).

tages have led many advisers of farmers to urge incorporating the family farm.⁶ What changes in Iowa incorporation practices have occurred since 1952?

To find the answer to that question and to see what is being done, articles of incorporation and other corporate documents filed with the Secretary of State of Iowa for corporations whose existence was intended to become effective within the first six months of 1969, a period similar in length to that examined in the first study, were examined. The examination also included records in other departments of the state which were pertinent to these corporations.⁷ The material which follows is a summary and analysis of the information so obtained.⁸ The section divisions used are for the most part, similar to those used in the first study.

Part I—ORGANIZING THE IOWA CORPORATION; ITS POWERS; PLANNING FOR ITS CONTINUATION

I. THE BUSINESS OF INCORPORATION

Iowa is a state which has a substantial proportion of its people and its industry concentrated in ten counties (mostly in the east and central part of the state). What is the relative incidence of incorporation throughout the state? To what extent can a trend toward specialized corporate legal practice be discerned? (In analyzing the collected information, it should be recognized that 1969 was a "banner year" for incorporation, both nationally and in Iowa,⁹ where 1952 had been a "low point.")¹⁰

⁶ IOWA STATE COLLEGE BULLETIN, PLANNING FARM PROPERTY TRANSFERS WITHIN FAMILIES IN IOWA (1959); IOWA STATE UNIVERSITY COOPERATIVE EXTENSION SERVICE BULLETIN, Law-Economics 3 (Rev.), FARM CORPORATION ORGANIZATION AND OPERATION (1965); IOWA STATE UNIVERSITY COOPERATIVE EXTENSION SERVICE BULLETIN, Law-Economics 19, TECHNICAL LEGAL AND ECONOMIC ASPECTS OF FARM CORPORATIONS (1966).

⁷ The copies of the Certificate of Incorporation issued by the Secretary of State which are retained in his office contain annotations of much information from the articles filed. The retained copy of the Certificate for each corporation filed between October 1, 1968, and December 31, 1968, to become effective on or after January 1, 1969, was examined; and the copy for each corporation which filed between January 2, 1969, and June 30, 1969, other than those to become effective after June 30, was also examined. Also examined were the filed articles for approximately 13½ percent of these corporations, mostly selected on a random basis; the public records of the Securities Department in the Insurance Commissioner's Office, which indicated how many of all the corporations involved had obtained permits to issue securities under the Iowa Securities Laws, by August, 1969; and a listing of sales tax permits from the Iowa Department of Revenue to indicate how many had obtained such permits by September, 1969. The annual reports filed with the Secretary of State's Office for the years 1970 and 1971 for these corporations were checked as well as other records in that office to learn what had happened to those corporations for which no report was filed in either year.

⁸ The research conducted was supported in part by a grant from research funds provided by Drake University.

⁹ BUSINESS ECONOMICS RELEASE Y-11, No. 7, Dun & Bradstreet, Inc. (Aug. 18, 1969), states that the seasonally adjusted number of new incorporations, nationally, had reached an all-time high in June, 1969; nationally there were 24,600 more new incorporations in the first six months of 1969 than in the comparable period in 1968. Iowa had 180 more.

¹⁰ In the period of January through June, 1952, articles were filed for 229 new and 106 renewing corporations under Chapter 491, while 84 foreign corporations qualified and 115 requalified to do business. For the comparable period in 1969, 1348 new

Chart 1 shows the numbers of new incorporations and reincorporations by county group¹¹ for profit and nonprofit corporations. It suggests that most incorporation activity for profit corporations occurs in the more commercial counties.¹² The almost complete abandonment of use of Code Chapter 491 for new incorporations by 1969 stands out. The data for reincorporation under Chapter 491 also suggests that corporations initially organized under that chapter in the larger counties may have been more likely to elect to be governed by Chapter 496A.¹³

The more than fourfold increase in profit corporation activity, contrasted with the slight increase in nonprofit corporation activity over the earlier period, may be the result of improved economic climate or greater willingness on the part of businessmen and their advisors to use the corporate form—or both.

As indicated by Chart 2, most articles of incorporation are filed by lawyers. Less than 3½ percent were filed by non-lawyers in 1969,¹⁴ as compared with 20 percent so filed in 1952. (The 1952 figures do include amendments to articles and renewal articles as well as new incorporations. Whether non-lawyers might be more likely to file amendments and renewals is speculative as is the effect of availability of forms of articles on non-lawyer willingness to prepare new articles.) An interesting fact indicated by the chart is the tendency of incorporations in smaller counties from communities other than the county seat to be filed by lawyers from other counties. On a percentage basis the use of Iowa lawyers has increased slightly, but the use of non-Iowa lawyers has doubled (a major factor here is Illinois law firms filing articles for businesses with a Scott County registered office), and the use of incorporation service companies has tripled. Chart 3 is a similarly organized analysis of filings of new, renewal and restated articles for nonprofit corporations and cooperatives, under Chapters 504, 504A and 497. Chart 4 analyzes filings of restated articles and articles of consolidation for Chapter

corporations incorporated under Chapter 496A; 40 new or renewing corporations filed under Chapter 491; and 326 foreign corporations qualified to do business. Twenty-five percent of those filing under Chapter 491, according to Chart 4, were banks or insurance companies—which must use that Chapter.

¹¹ Each corporation has been assigned to a county group according to the location of its registered office. As noted later, this may be different from the location of its principal place of business. The counties are grouped by population as indicated in the 1950 Iowa census, so that each county is in the same group in both the 1952 and the 1969 studies.

¹² The possibility that the data supporting this is distorted by having the law firm act as registered agent, a practice followed by several firms for many of the corporations for which they filed, is considered later in this section.

¹³ As the chart notes, one Chapter 491 reincorporation was retroactive to a 1966 expiration date. (The effect of this is discussed in 6 E. HAYES, *IOWA PRACTICE—CORPORATION LAW AND PRACTICE* § 846.) The Corporation Department will not permit an expired Chapter 491 corporation to be reinstated under Chapter 496A; it must reincorporate under Chapter 491 if it is to have any continuity from its expiration date. However, a church (under Chapter 504) whose charter expired March 6 was permitted to reincorporate March 10 under Chapter 504A, effective March 6. Another church renewed under Chapter 504, effective as of 1929, then changed to Chapter 504A.

¹⁴ "Lawyers," as used here, includes incorporation service companies with large legal staffs.

496A corporations, of renewal and new articles for Chapter 491 corporations, and of articles changing a profit corporation to a cooperative.

To what extent is incorporation of businesses referred to a law firm that specializes in corporate practice? Several firms in the larger cities of the state are listed in *Martindale-Hubbell* as specializing in such practice. According to Chart 2, over 13 percent of the new Chapter 496A articles were filed by lawyers from counties other than the county of the corporation's registered office (however, about half this number were filed by lawyers from adjacent counties), and over 3 percent were filed by an incorporation service company. Charts 4-8 analyze these filings in other ways relevant to the question stated above. Although 499 Iowa law firms filed new or renewal articles of incorporation for profit corporations, Chart 5 indicates that 368 of them filed only one or two articles, and 451 filed no more than four. Seven firms, all from Des Moines, filed more than ten articles. Two of these act on behalf of national incorporation service enterprises (such as Corporation Trust Company) and the bulk of the filings by these two were from out-of-state interests. Interestingly, one of the others has been in existence less than ten years and has no members who have been in practice over ten years.

Chart 6, which describes the number of filings by any law firm for corporations organized in counties other than that of the corporation's registered office, suggests that this happens relatively infrequently. However, this conclusion could be based on distorted information since the business might be located in one county but the registered office could be at the office of the filing law firm in another county. Charts 7 and 8 may shed some light on this. Chart 7 shows how many of the filing corporations had obtained sales tax permits by the end of 1969¹⁵ and for what location the permit was granted. Few of the permits are for locations other than in the county of the registered office. Chart 8 shows the frequency with which law firms act as initial registered agent, incorporator, or initial director or officer. Several firms act as registered agents as a matter of common practice (which may help them to keep track of much of their client's legal difficulties), but in only two instances did this seem to cause several corporations whose principal activity was in a Group I or Group II county to be listed as a Group VI or Group VII corporation.

The information available does not indicate any widespread practice among Iowa lawyers or businessmen of referring the formalities of organizing a corporation to law firms in other cities engaged predominantly in corporate law practice. Consultation by lawyers with corporate law specialists may be occurring with some frequency, but the data collected would not reveal that.

¹⁵ More than two-thirds of the new corporations did not obtain sales tax permits in 1969. Some may have overlooked the need for permits. However, many seem to be engaged in activities for which permits are not required (e.g., most farms), and others were inactive or became defunct.

A. *Incorporating Iowa Business Outside Iowa; and Foreign Businesses in Iowa.*

Chapter 491, the sole profit corporation law in effect in Iowa in 1952, had been the target of much criticism and charges of antiquity. Analysis of admissions of foreign corporations during the period described in the earlier articles indicated there was little evidence that Delaware or other foreign incorporation was being used as a solution for the difficulties allegedly caused by the Chapter. These difficulties should now be eliminated with the availability of Chapter 496A. To what extent were Iowa businesses being incorporated outside Iowa in 1969?

Chart 9 presents some information concerning the 326 foreign corporations that qualified to do business in Iowa during the surveyed period. Although nearly one-third are Delaware corporations, a considerable number had incorporated in states neighboring Iowa. Only 38 of all the filings were by Iowa attorneys, and 23 of these were by three Des Moines firms which represent incorporation service companies. Except for 15 filings from these three firms, none of the filings by Iowa lawyers involved Delaware corporations. Many of the corporations that qualified seem to have interstate activities. Most of those whose name suggests they are principally engaged in a local activity¹⁶ appear to be part of a national multi-corporate organization, or their officers are not residents of Iowa. Some which have both Iowa and non-Iowa officers were incorporated in a state where one of the officers resided, and the filing was by an attorney from that area. In only two instances were qualifying documents filed by Iowa attorneys for a foreign corporation all of whose officers were Iowa residents—each firm had also incorporated businesses in Iowa during the period.

Chart 10 indicates that 175 of the new Chapter 496A corporations have some "foreign" connection, in ownership or in operation. Analysis of the annual reports of these corporations filed for 1969 and 1970 indicates, however, that no more than 28 may be doing solely a non-Iowa business¹⁷ and that 11 of these probably are actively engaged in business in Illinois.¹⁸ Four of the Group VII filings are securities brokerage firms doing business in New York City.¹⁹ Two others appear to be connected with an Iowa insurance

¹⁶ E.g., "Store #56" of a retail shoe operation; radio, television or cabletelevision operation; fabric shop of —, or loan company of—, each of which included the name of an Iowa city. However, a "Farm Store of Iowa," incorporated by an incorporation service company with Florida officers and claiming on its annual reports not to be active in Iowa, was treated as a non-Iowa business.

¹⁷ Annual reports are to identify the business actually carried on in Iowa, but may state "inactive" or "inactive in Iowa."

¹⁸ All six listed in Group IV are from Illinois; five were filed by Lee County attorneys and one by an Illinois firm. Their names suggest that these include an abstract company, a farm, a grain elevator and a ready-mix operation, with two whose names give no clue as to the business. Three in Group VI were filed by Quad-City attorneys from Illinois; two in Group VII having only Illinois officers were filed by a Des Moines firm.

¹⁹ These four are readily identifiable because their powers described in their articles

firm but active only outside Iowa. In two other cases the Iowa attorney filing the papers is one of the directors (in one he is related to the others), but the firm is not actively engaged in business in Iowa. Many of the other corporations with out-of-state interests appear, from name and annual report, to involve Iowa franchise or chain operations, such as franchised retail food outlets or departments in discount stores.

The foregoing suggests that Iowa businesses are not being incorporated in Delaware or any other foreign jurisdiction, with rare exceptions. It also suggests that despite its modernity and flexibility Chapter 496A is being little used for non-Iowa businesses—that Iowa has not become a “haven” for “tramp corporations.”

B. *Corporation Inactivity or Discontinuance of Business*

Chart 11 indicates that nearly 20 percent of the new corporations of the 1969 period surveyed may not have survived their first two years of existence and that another 7 percent had not become actively engaged in business during that period. The information on which this chart was based has been taken from the annual reports filed with the Secretary of State's office, plus other records of that office including articles of merger or dissolution and notices of cancellation. Since there was not a similar follow-up study in connection with the 1952 corporation filings, there was no comparable data presented in the articles in the earlier series.

The economic down-turn may have caused some businesses to fail or to drop out and induced others not to begin operations. One entrepreneur whose restaurant was incorporated early in the year indicated in the only annual report he filed that he had “retired” by the end of the year.

All the mergers indicated on the chart involved local franchise or discount units that were combined with related units elsewhere in this or a neighboring state as part of a larger corporation.

Several law firms seem to be forming “shelf corporations,” which are corporations fully in existence but with no stock issued (thus only a minimal annual fee to pay) and with no business; therefore, they can be made available immediately to a client who wants a corporation “now.”²⁰

C. *Use of Forms in Drafting Articles of Incorporation*

At one time printed forms of articles with official sanction were available for use under the old Iowa corporation law; later a mimeographed, un-

were limited, to comply with Stock Exchange rules. One of the four had been dissolved during 1970 but the others filed annual reports. Two of the incorporation service companies filed these articles.

²⁰ Several corporations whose registered office address is the same as the law firm which filed their articles, also had members, associates or employees of the firm as incorporators and directors or officers initially. Some of these later had changes of name, registered office, directors and officers.

official sample set of articles was provided by the Secretary of State.²¹ The state does not provide recommended or sample forms for use under Chapter 496A. The Iowa Bar Association has set forth forms for use in corporate practice (including articles of incorporation) approved by it and prepared by its Special Committee on Corporation Laws.²² A somewhat similar form based upon the Model Business Corporation Act has been prepared by the Committee on Corporate Laws of the American Bar Association.²³ Each is intended as an aid to the draftsman rather than as a model to be followed slavishly. Each group's forms contemplate that the articles will include a preamble which identifies the law under which the corporation is formed and provisions as to name, duration, purposes, capital structure, registered office and registered agent, initial directors and incorporators. The Iowa Bar form then provides for "additional provisions, if any," while the American Bar form has one further provision for pre-emptive rights and also "provisions for the regulation of the internal affairs of the corporation."

This study involved inspection of the articles of approximately 14 percent of the corporations filing during the surveyed period. Not surprisingly, these seem to be based on the Iowa Bar form rather than the American Bar form if a likeness to either model can be discerned (there is no significant difference between the two forms). Chart 12 indicates the extent to which the articles surveyed show variance from the Iowa Bar form (primarily in the use of additional provisions).

With two exceptions, the specific provisions of the Iowa Bar form will be analyzed in later sections which parallel the earlier articles concerning comparable provisions in the corporate articles examined in 1952. There was then no provision for registered office and registered agent; this is discussed with the provision concerning incorporators. Selection of the corporate name was not discussed in the earlier articles. Also, an essential step to the perfected formation of a Chapter 491 corporation, publication of notice of incorporation, was not discussed before. These matters will now be considered.

D. Selection of the Corporate Name

"Before incorporation papers are drafted, a distinctive name for the corporation should be chosen, and its availability determined both for the state of incorporation and for other states in which operation may occur. Available names should be reserved where possible to do so."²⁴ Chapter 491 has no

²¹ Hayes, *Iowa Incorporation Practices—A Study: Introduction and Part I*, 39 IOWA L. REV. 409, 415 (1954) (hereinafter cited as Hayes).

²² See 28B IOWA CODE ANN. 249 (1962). (The form for articles, Form 3, appears at 255-56.) The form suggested in 5 E. HAYES, IOWA PRACTICE—CORPORATION LAW AND PRACTICE § 175 (1969), is quite similar; it had not been published when the surveyed articles were filed.

²³ See 3 MODEL BUS. CORP. ACT ANN. 129 (2d ed. 1971). (The form for articles, Form 11, appears at 141-42.)

²⁴ 5 E. HAYES, IOWA PRACTICE—CORPORATION LAW AND PRACTICE § 111 (1969).

restriction as to the words that must appear in a corporate name; except, where a single individual incorporates using the name of an individual or individuals in the corporate name, then the word "incorporated" must be added.²⁵ Chapter 496A requires the use of at least one of four words (or abbreviations therefor)—company, corporation, incorporated or limited; and the name may not include words or phrases suggesting the corporation is organized for any purpose other than those identified in the articles.²⁶ The survey examined the practices of reserving or getting consent for use of corporate names, the use of the four authorized words in names, the use of geographic terms in names, and the extent to which names were changed during the first two years of corporate life.

1. *Reservation of Names; Consent to Use of Names*

To avoid rejection of articles for use of unavailable or prohibited names, the acceptability of a proposed name should be ascertained before the articles are filed. A name which is available and seems desirable can be reserved for the exclusive use of the applicant for a period of ninety days in Iowa, a time sufficient to permit the completion and filing of the articles. Names were reserved in only twelve instances (seven for Polk County corporations).²⁷ Four foreign corporations also filed name reservations before qualifying.

Use of a name similar to that of an existing corporation may be approved if the existing corporation will consent.²⁸ Two of the surveyed corporations obtained consent for the use of their name before filing; twenty-five foreign corporations had consents filed before qualifying.

2. *Use of Required Words and Geographical Words*

Chart 13, describing the many variations in use of the four required words, indicates that the most popular form of corporate name in Iowa is "[name], Inc."

Chart 14 analyzes the extent to which the selected corporate name includes the name of a city, county, state or nation; it also indicates those instances where the registered office is located in some city inconsistent with the particular geographic feature appearing in the corporate name.

3. *Corporate Name Changes*

Chart 15 describes the 49 corporations that had changed names between their 1969 incorporation and August, 1971. Some of the changes in name appeared to reflect changes in control of the corporation.

²⁵ IOWA CODE § 491.2 (1971). See *Op. Att'y Gen.* 402 (1911-12), suggesting that the word "company" is sufficient, at least if there is more than one incorporator.

²⁶ IOWA CODE § 496A.7(1), (2) (1971). See 5 E. HAYES, IOWA PRACTICE—CORPORATION LAW AND PRACTICE § 112 (1969).

²⁷ One lawyer who reserved a name released his reservation for use by a corporation filing through another lawyer.

²⁸ 5 E. HAYES, IOWA PRACTICE—CORPORATION LAW AND PRACTICE § 113 (1969).

E. Proof of Publication

Chapter 491 requires publication in newspapers of notices of incorporation once each week for four successive weeks within three months after incorporation and may invalidate corporate acts before publication is completed if completion is not timely.²⁹ This expensive requirement was one of the objectionable aspects of that chapter.³⁰ No provision for notice was included in the draft revision which eventually became Chapter 496A, but an amendment before its adoption requires publication once "within three months" after incorporation;³¹ however, even a later publication will validate any corporate acts occurring before publication. Some lawyers include the publication of notice as one of the regular steps in the incorporating procedure they follow. The fact that many do not is indicated by the reality that less than 20 percent had filed proofs of publication with the Secretary of State's office by August, 1971, and a number of these proofs were filed after August, 1969.

II. INCORPORATORS

Continuing the attitude of the old Iowa Corporation Act, Chapter 496A permits incorporation by any number of persons, including one. While incorporators should be competent to contract and may be another corporation or a partnership, there is no formal requirement of citizenship or that they have reached full age.³² In 1960 Iowa was one of four states permitting a single incorporator; by 1970 more than half of the states had adopted this approach.³³ This approach makes unnecessary the use of dummy incorporators in forming a one-man or two-man corporation. One factor discouraging the use of dummy incorporators in 1952 is no longer present. At that time an exemption from qualification under the Iowa Blue Sky Law was available for the sale of subscribed capital stock to incorporators (if not more than twenty-five of them purchased, and if they had personally signed the articles).³⁴ This exemption was revised in 1963 to apply to pre-incorporation sales "of subscriptions for or securities of a corporation . . . if no commission is received on account of such sale and if the number of subscribers shall not exceed twenty-five."³⁵

Chart 16 describes the number of incorporators and something of their nature for most of the corporations filing during the surveyed period.³⁶ The

²⁹ IOWA CODE §§ 491.17-19 (1971).

³⁰ See COSSON, *The Iowa Business Corporation Act*, 45 IOWA L. REV. 12, 20 (1959).

³¹ IOWA CODE ANN. § 496.52 (1971), Comment.

³² IOWA CODE §§ 496A.2(1), 496A.48 (1972); 5 E. HAYES, *IOWA PRACTICE—CORPORATION LAW AND PRACTICE* § 167 (1969).

³³ 2 MODEL BUS. CORP. ACT ANN. § 53 ¶ 2 (2d ed. 1971).

³⁴ IOWA CODE § 502.5(9) (1950), described in Hayes, *supra* note 21, at 417.

³⁵ IOWA CODE § 502.5(9), as amended Iowa Laws ch. 296 § 1 (1963). One wonders if the word "or" in the language quoted in the text could be surplusage.

³⁶ Most of the record copies of certificates of incorporation kept in the Secretary of State's office have had noted on them the names and addresses of directors and in-

clearly recognizable uses of dummy incorporators were instances of articles filed by or through incorporation service companies. An attorney, or one of his staff, is the sole incorporator in nearly 10 percent of the incorporations and is at least one of the incorporators in more than 13 percent. While this could represent use of a dummy incorporator, annual reports indicate that many of these incorporators continue to have some function in corporate affairs. The chart's statistics also indicate that a substantial number of the corporations are clearly one-man corporations (although many of the single incorporators are one of two members of the board of directors) or are organized by family interests.

The articles which were examined, for the most part, followed the recommended practice of including an article giving the name and address of each incorporator. However, one set of articles identified the parties as "organizers." Another omitted the article and began with this preamble: "I hereby incorporate myself as a corporation . . ." with the individual's name subscribed at the end of the articles. Another identified the individual of two incorporators (a bank was the other) as the representative of an estate—apparently incorporating a business that the deceased had carried on during his lifetime as a sole proprietorship.

A. *Use of Registered Office and Registered Agent*

In 1952 there was no provision for designation of a registered agent by an Iowa corporation; the corporation's principal place of business was to be identified. Chapter 491 corporations are now permitted to appoint registered agents by resolution of their board of directors if the corporation does not maintain an office in the county of its organization.⁸⁷ Chapter 496A corporations must designate an initial registered agent and office in their articles, and they should give appropriate notice of any change of either agent or office.⁸⁸ The designated agent is the corporation's agent for service of process until he resigns (with at least 30 days notice) or his successor has been properly designated; however, in case of failure to appoint, of death of the agent, or of inability to locate the agent after reasonably diligent efforts to do so, process may be served on the Secretary of State.⁸⁹

corporators (although if there are more than four, often no more than four are listed). In a number of instances the typist preparing the certificate listed only corporate officers and omitted names of incorporators. Through a sampling of micro-filmed articles, the identities of some of these incorporators that had been omitted were ascertained, but it seemed advisable to limit the number of microfilms checked. For this reason, many of the corporations included within the "no incorporators listed" heading in the Chart would have been placed in another section had all the articles for those corporations been examined.

⁸⁷ IOWA CODE § 491.15 (1971).

⁸⁸ *Id.* § 496A.12 (1971); 5 E. HAYES, IOWA PRACTICE—CORPORATION LAW AND PRACTICE § 162 (1969). Although not required to do so, 13 of the 184 articles examined showed designations of principal places of business in addition to registered offices.

⁸⁹ *Id.* See also IOWA CODE § 496A.13 (1971).

As noted earlier, a number of attorneys have been designated as the registered agent for the corporations whose articles they filed.⁴⁰ Some out-of-state attorneys in border communities have designated Iowa attorneys in neighboring cities as agents. Most of the agents for other corporations are one of those active in the business (or, on occasion, his spouse). A small number have designated two agents at the same office. By August, 1971, 20 of the surveyed corporations purported to have changed registered office, registered agent, or both (11 designated locations in other counties). In six instances there had been no compliance with the statutory procedure for effecting the change, which requires execution and filing of a verified statement of the change—four of these involved changes between counties which should require the filing of a duplicate statement in order that copies may go to the recorders of both counties involved. The changes for these six corporations had been noted on their annual reports, but the file record of office and agent in the Secretary of State's office has not been changed to correspond. Consequently, those seeking the name and place of the person on whom to serve process will be informed of the original ones rather than the changed ones. (One of the six may have been an attempt to eliminate the attorney as registered agent.) Another report indicated that the agent (also president of the corporation) had died; no new agent was designated.

III. NATURE OF BUSINESS AND CORPORATE POWERS

In 1952 all Iowa corporate articles stated the general nature of the business to be transacted by the firm and described most of the powers the corporation had authority to exercise.⁴¹ While many lawyers used short purposes and powers provisions, others included provisions with considerable detail. Chapter 496A provides a long list of powers which the corporation will have unless its articles provide otherwise.⁴² As the chapter was initially enacted, it provided that the articles could specify either a purpose or purposes for which the corporation was organized or that it "have unlimited power to engage in, and to do any lawful act concerning, any or all lawful businesses for which corporations may be organized under" the chapter. In 1970 this was changed to authorize statements of specific purposes plus provision for transaction of all lawful business for which corporations could be organized under the chapter.⁴³

Chart 17 indicates that most of the articles filed in 1969 provided, in essentially the statutory language, for unlimited legal powers and purposes. A substantial number of those which used only a limited business authority were prepared by lawyers outside Iowa, and most of them used an incorporation

⁴⁰ See text of paragraph including note 15.

⁴¹ IOWA CODE § 491.5 (1950) required statement of "the objects for which it is formed"; § 491.3 listed a small number of powers as among those a corporation could have. These sections have the same wording in the 1971 Code.

⁴² IOWA CODE § 496A.4 (1971).

⁴³ *Id.* § 496A.49(3) (1971), amending *id.* § 496A.49(3) (1962).

service company either to file the articles or as registered agent. Although in 1969 there was no clear authority to combine detailed powers and purposes with unlimited powers and purposes, over 5 percent of the articles contained such combinations (some of them filed by firms that also filed articles with solely unlimited provisions, which suggests that wishes of a client may have led to the inclusion of the more detailed provisions).

In 1952 it was possible to identify the dominant business purpose for practically all the corporations organized during that survey period.⁴⁴ Except for the small number using a limited power and purpose provision, articles filed in 1969 do not reveal dominant business purpose. However, the annual reports these corporations file are to include "a brief statement of the character of the business in which the corporation is actually engaged in this state."⁴⁵

Each corporation organized under Chapter 496A should file an annual report on the forms provided by the Secretary of State's office, sometime between January 1 and March 31 of each year after the year of its organization (corporations whose existence begins in December may file their first report in the second year after the year of its organization), and should submit with the report the payment of its annual license fee, which is based on its stated capital.⁴⁶ Failure to file the annual report and to pay the license fee by March 31 subjects the corporation to a monetary penalty in the amount of 10 percent of the fee; if the report is not filed by October, the certificate of incorporation may be cancelled through administrative action.⁴⁷ The annual report covers the following information: name of corporation; registered office and registered agent;⁴⁸ character of business; names and addresses of directors and officers;⁴⁹ authorized and issued shares, and stated capital;⁵⁰ and any additional information which the Secretary of State considers necessary or appropriate to enable him to determine the proper annual fee.⁵¹

Chart 18 describes the categories of corporate business purposes, as indicated in the annual reports for the surveyed corporations which were filed in 1970 and 1971.

⁴⁴ See Hayes, *supra* note 21, at 419 n.16.

⁴⁵ IOWA CODE § 496A.121(3) (1971).

⁴⁶ *Id.* §§ 496A.122, 496A.126.

⁴⁷ *Id.* § 496A.130. Many corporations surveyed were late in filing their reports. Chart 18 indicates the number which were cancelled for failure to file their first annual report, the cancellation occurring in November, 1970. Several more had been marked cancelled on the records of the Secretary of State's office, but the cancellation was revoked when the report was filed and the fees were paid in November. Several others not included as cancelled were cancelled but reinstated upon filing and payment. There were a number of delinquent reports for 1971 at the time of the examination of the records (in July and August); some of these were corporations which had been cancelled for 1970 delinquencies and subsequently had been reinstated.

⁴⁸ See text accompanying section II A, *supra*.

⁴⁹ To be referred to in a later portion of this study dealing with directors and officers.

⁵⁰ To be referred to in a later portion of this study dealing with capital stock.

⁵¹ IOWA CODE § 496A.121 (1971).

A. Powers Specifically Provided in Articles

The list of enumerated powers granted to corporations under Chapter 496A, unless negated by specific provisions in corporate articles, is a lengthy one.⁵² As noted in Chart 12, many of the surveyed corporations followed the recommended form for articles, which contains no provision describing corporate powers.⁵³ The earlier study discussed the powers that articles of that era sometimes included. The 1969 approach to many of those powers will be considered at this point with later discussion for several others.⁵⁴ Those discussed here include: the power to sell all or most of the corporation's property without consent of all shareholders; the power of a corporation to purchase its own shares or shares in other corporations; the power to adopt a corporate seal; the power to exempt the property of shareholders from liability for corporate debts; the power to make charitable contributions; the power to do business in other states; the power to incur debts; and the power to compromise claims.

1. Power to Sell Substantially All Assets

The common-law conflict of authority as to power of directors or a majority of the shareholders (or both) to sell all the property of a prosperous, going concern has been affected by specific language in Chapter 496A which, however, was limited by a 1965 decision of the Iowa court.⁵⁵ The statute authorizes sale, lease or exchange of all or substantially all of a corporation's assets, upon recommendation by the board of directors and approval by holders of at least a majority of the outstanding shares. Shareholders of the seller who object are entitled to exercise the statutory right to dissent and have their shares purchased.⁵⁶ The *Rath* decision treated an attempt to comply with this statute as a de facto merger and blocked the sale until shareholders of the purchaser also had an opportunity to vote and dissent. A subsequent amendment to Chapter 496A states that such a purchase, followed by dissolution of the selling corporation (as in *Rath*), "shall not, by itself, constitute

⁵² *Id.* § 496A.4.

⁵³ Two drafters included "catch-all" provisions that can create problems. One said that all matters not covered in the articles were to be governed by "Chapter 496A, 1966 Code of Iowa." Chapter 496A has been amended nearly every session of the legislature since 1966—what effect do those amendments have on this corporation? The other provided that the corporation's powers and purposes were unlimited, but not to be contrary to the laws of the state or the by-laws of the corporation. It is not normal practice to look to by-laws to determine what the corporation's powers are, even though this is an appropriate place to look to determine whether the powers have been properly exercised. Some by-laws (e.g., restrictions on transfer of shares) are invalid unless authority for their adoption is provided in the articles.

⁵⁴ In the next section the power to have perpetual succession will be considered; later material will include discussion on powers to declare dividends, powers to render shareholders interests transferable, powers to adopt by-laws, powers to indemnify directors and officers, and powers to establish fringe benefit plans for employees.

⁵⁵ IOWA CODE § 496A.76 (1971); *Rath v. Rath Packing Co.*, 257 Iowa 1277, 136 N.W.2d 410 (1965).

⁵⁶ IOWA CODE § 496A.78 (1971).

then surveyed had provisions authorizing charitable gifts.⁷⁰ Chapter 496A includes the Model Act provision empowering corporations to make donations for the public welfare or for religious, charitable, scientific or educational purposes.⁷¹ A provision in articles granting this power is now unnecessary; none of the 1969 articles surveyed had such a provision.

6. *Power to do Business in Other States*

Several Iowa attorneys, according to the 1952 survey, included provisions giving specific authority to carry out corporate objects in other states.⁷² The statutory general powers now available include this authority,⁷³ and none of the 1969 articles surveyed included a provision on this point.

7. *Power to Incur Debts*

From 1847 to 1929, corporate articles were required to fix the highest amount of indebtedness or liability to which the corporation could be subject at any time; and with certain exceptions there was a statutory limit on such debts of two-thirds of the capital stock.⁷⁴ Despite the 1929 repeal of this requirement, 41 of the corporations surveyed in 1929 included in their articles some provisions regarding debt limit.⁷⁵ None of the 1969 articles examined had a provision of this type. No articles had limitations on the manner of making disbursements, although 37 did have provisions concerning execution of conveyances and other legal instruments.

8. *Power to Compromise Claims against the Corporation*

Several states authorize inclusion in articles of a provision for compromise or arrangement of claims against the corporation, sometimes specifying the exact language which must be used.⁷⁶ The objective of such a clause is to make compromises binding on all creditors (if approved by the appropriate court and a specified portion of the creditors) or binding on all shareholders (if the court and the necessary portion of the shareholders approve). Iowa has no such statute. One Des Moines corporation did include such a clause in language similar to that required under some statutes. Its effect on creditors is uncertain, unless they are deemed to have constructive notice because the articles are on record.⁷⁷

⁷⁰ Hayes, *supra* note 21, at 422.

⁷¹ IOWA CODE § 496A.4(13) (1971); see 5 E. HAYES, IOWA PRACTICE—CORPORATION LAW AND PRACTICE § 142 (1969).

⁷² Hayes, *supra* note 21, at 423.

⁷³ IOWA CODE § 496A.4(10) (1971). See 5 E. HAYES, IOWA PRACTICE—CORPORATION LAW AND PRACTICE § 145 (1969).

⁷⁴ IOWA CODE § 8351 (1927), repealed by Iowa Laws ch. 12 §§ 1, 2 (1929).

⁷⁵ Hayes, *supra* note 21, at 423.

⁷⁶ 5 E. HAYES, IOWA PRACTICE—CORPORATION LAW AND PRACTICE § 148 (1969).

⁷⁷ 6 E. HAYES, IOWA PRACTICE—CORPORATION LAW AND PRACTICE § 746 (1969).

IV. DURATION AND RENEWAL

In 1952 over 90 percent of the corporations surveyed were organized for terms of 20 years or less. It was possible to elect "perpetual existence" instead, but the election increased fees. The risk of having to pay off shareholders at time of renewal could be run because it was possible to try to renew early and to shift to perpetual existence rather than renew if problems with dissenters appeared.⁷⁸ Under Chapter 496A a corporation has power "[t]o have perpetual succession by its corporate name unless a limited period of duration is stated in its articles of incorporation."⁷⁹ Chart 19 indicates the complete reversal of attitude toward corporate duration in the 1969 articles—less than 1 percent elected a limited duration.

Under Chapter 491 corporate existence begins (it may commence business) "as soon as the certificate of incorporation is issued by the secretary of state"⁸⁰ Under Chapter 496A, it is possible to postdate the beginning of corporate existence to a date "not more than ninety days in the future"; if no statement is made in the articles as to the date existence begins, it commences on the date the certificate of authority is issued.⁸¹ Chart 19 indicates that 216 of all corporations filing took advantage of the opportunity to postdate corporate existence. It also indicates that of the 186 articles examined in detail, only 4 had such a provision; but 32 others included a provision on commencement of existence which was unnecessary for it did no more than restate the statutory provision for commencement of existence where there is no postponement.

The statutory authority to postdate a corporation's commencement of existence permits corporate life to start at a logical time for tax, regulatory and accounting purposes when that date is one on which the Secretary of State's office would not be open and would not issue a certificate.⁸² There seems to be little advantage in providing, as did one article, that existence should become effective on the first day after the certificate is issued.

V. ALTERATION OF THE CORPORATE STRUCTURE

Events during the life of a corporation may indicate that its articles need to be changed or that its life should be terminated. Because there was little statutory coverage of either the amending or the dissolving process in 1952, it was common then to find three provisions in the articles of that time; one setting forth the manner in which capital stock could be increased

⁷⁸ Hayes, *supra* note 21, at 425-26.

⁷⁹ IOWA CODE § 496A.4(1) (1971).

⁸⁰ *Id.* § 491.19.

⁸¹ *Id.* § 496A.49(12). It is not clear, under the statute, when the ninety day period begins (whether on adoption of the articles by the incorporators, or on filing with the Secretary of State).

⁸² Two certificates were noted which purported to be issued January 1, 1969; apparently the Corporation Department was willing to accommodate filers who had overlooked the possibility of postdating the effective date for commencement of existence.

or decreased; another indicating the method by which the articles could be amended in other respects; and the third concerning dissolution.⁸³ Chapter 496A provides detailed procedures for amendment and dissolution.⁸⁴ The effect of these procedures on article provisions for changing capital structure will be discussed in a later portion of this study concerning authorized and issued capital. This section examines the approaches in the 1969 articles toward other amendments and the dissolution process.

A corporation's articles may be amended at any time to include provisions that could lawfully be in original articles at the time the amendment is adopted.⁸⁵ The amendment process begins with a resolution of the board of directors setting forth the proposed amendment and directing its submission to vote at an annual or special meeting of shareholders. If the holders of at least 5 percent of the shares entitled to vote request the submission of amendments in writing, unless the articles provide otherwise the board must adopt the necessary resolution and submit the proposal to the next shareholders meeting which is to be held not less than ninety days from the date the request was filed. Each shareholder of record entitled to vote should get notice of the proposed amendment, and the vote may be on the amendment or, if the articles permit, on any revision of it offered at the meeting. The amendment is adopted if approved by the holders of a majority of the shares entitled to vote, except where class voting is necessary—then a majority from each class is required.⁸⁶ However, the articles may provide for approval by a greater or lesser number.⁸⁷ The remaining statutory sections on amendment describe those situations where voting by class is required, the types of amendments permissible as part of a reorganization, the possibility of adopting restated articles by a process comparable to that for amending, and the steps to be taken after adoption to complete the amendment process.⁸⁸

Sixty-eight, more than one-third of the surveyed corporations, had an amendment provision in their articles. A number of these could have been omitted without injury to the interests involved (see Chart 20). Some seem to reduce the number required for approval to a majority of those present. Several calling for majority approval are ambiguous as to whether they mean majority present or majority entitled to vote. The one article authorizing adoption or approval of 25 percent of each class can produce an absurd result (if 51 percent vote "no"), unless it is interpreted to mean "majority of those present" and at least 25 percent of those entitled to vote. Only one article followed the statutory hint to authorize modification of the amendment at the shareholder meeting before it is voted on.

Chapter 496A permits a corporation to be dissolved voluntarily by its

⁸³ Hayes, *supra* note 21, at 427.

⁸⁴ IOWA CODE §§ 496A.55-.62, 496A.79-.102 (1971).

⁸⁵ *Id.* § 496A.55 (which lists many of the permissible areas of amendment).

⁸⁶ *Id.* § 496A.56.

⁸⁷ *Id.* § 496A.138.

⁸⁸ *Id.* §§ 496A.57-.62.

incorporators before it has commenced business and issued shares,⁸⁹ by written consent of all its shareholders,⁹⁰ or by a director resolution-shareholder vote process like that used for amending articles (as described above).⁹¹ Only 28 of the corporations had an article concerning dissolution, most of them providing for approval by a different number of shareholders than called for in the statute (see Chart 21). One had two dissolution articles each of which restated the statutory requirements. Another stated the corporation's life as "perpetual unless sooner dissolved as provided by law"; "perpetual" would have the same legal connotation. What another drafter meant by "equal vote on dissolution or liquidation" is unclear. The 25 percent approval provision will need interpretation, and the provision for dissolution on approval by two-thirds or by operation of law seems to contain surplusage.

Comparison of Charts 20 and 21 indicate that some drafters who set a higher shareholder vote for approval of amendments use the same limits for approval for dissolution, but others do not. As in 1952, the number required for amendment was, in several instances, less than that required for dissolution; thus, if a majority wanted to dissolve but lacked the holding necessary to approve dissolution, they might be able to achieve their objective by first amending the dissolution article to reduce the holding necessary.⁹²

VI. CONCLUSION

As in 1952, it appears that most Iowa lawyers incorporate Iowa businesses under the Iowa incorporation laws. A few lawyers outside Iowa have discovered that the modern Iowa statute may be flexible enough for their client's purposes and have incorporated non-Iowa businesses in this state.⁹³ Chapter 496A has eliminated the necessity for many elaborate articles; many articles are simple in form and follow the recommendations of the Bar Association's Committee on Corporate Law.⁹⁴ A number have recognized the need for appropriate variations from the recommended form, though some variations used probably could be omitted without any harmful effect on any of the interests involved.

Future portions of this study will examine practices with regard to other portions of the articles, with additional evidence from the annual reports for the surveyed corporations. They will continue to parallel the discussion in the law review articles which were based on the 1952 study.

⁸⁹ *Id.* § 496A.79.

⁹⁰ *Id.* § 496A.80.

⁹¹ *Id.* § 496A.81.

⁹² See Hayes, *supra* note 21, at 429 n.48.

⁹³ Why four corporations engaged in aspects of stock brokerage business in the New York area incorporated in Iowa is not clear.

⁹⁴ One drafter followed the recommended form so closely that his Article VIII reads, in toto: "Additional provisions, if any."

CHART NO. 1
County Group Data, and Incorporation Business by County Groups
January-June 1952; January-June 1969*

Legend	I	II	III	IV	V	VI	VII	Total
Number of Counties in Group	63	18	3	8	2	4	1	99
Population size (1970 census)	6,373- 27,432**	18,537- 27,996***	35,425- 41,076	42,149- 72,127	86,991- 90,609	103,052- 163,213	286,101	
Population size (1950 census)	8,500- 19,750	21,100- 28,300	32,100- 35,700	42,000- 49,700	69,660- 71,400	100,000- 104,300	226,010	
% of population of state (1970)	30.79	14.68	4.02	14.92	6.28	19.18	10.13	
% of population of state (1952)	36.36	16.36	3.82	13.83	5.38	15.63	8.62	
<i>Iowa Profit Corporations</i>								
Incorporation and reincorporation—1969*								
New (496A)	259	117	60	186	70	301	355	1,348
Reinstated (496A)	4	1	1	1	0	10	9	26
New (491)	2	1	0	1	0	0	0	4
Reincorporated (491)	15 ^a	6 ^a	0	7 ^d	0	5	3 ^{ab}	36
1969 Total	280	125	61	195	70	316	367	1,414
Incorporation and reincorporation—1952								
New (491)	43	24	3	34	8	53	64	229
Reincorporated (491)	38	16	5	12	5	14	16	106
	81	40	8	46	13	67	80	335
%, 1969	19.8	8.9	4.3	13.8	4.9	22.3	26.0	100.
%, 1952	24.1	11.9	2.3	13.7	3.9	20.0	24.1	100.

Legend	County Groups							Total
	I	II	III	IV	V	VI	VII	
<i>Iowa Nonprofit Corporations</i>								
Incorporation and reincorporation—1969								
New (504A)	78	36	11	57	13	38	45	278
Reincorporated (504)	8	4	0	1	0	2	1	16
Reincorporated (504 as 504A)	1	0	0	1	0	0	0	2
	<u>87</u>	<u>40</u>	<u>11</u>	<u>59</u>	<u>13</u>	<u>40</u>	<u>46</u>	<u>296</u>
Incorporation and reincorporation—1952								
New (504)	87	47	5	18	6	34	35	232
Reincorporated (504)	10	6	3	2	2	1	6	30
	<u>97</u>	<u>53</u>	<u>8</u>	<u>20</u>	<u>8</u>	<u>35</u>	<u>41</u>	<u>262</u>
% , 1969	29.4	13.5	3.8	19.9	4.4	13.5	15.5	100.
% , 1952	37.1	20.2	3.0	7.7	3.0	13.4	15.6	100.

* January-June 1969 data includes articles filed between October 1 and December 31, 1968, to be effective in 1969, and excludes articles filed between January 1 and June 30, 1969, to be effective after June 30.

a. Plus 1 to be effective after June 30, 1969

b. Plus 1 made effective as of expiration date in 1966.

c. Plus 2 effective in 1968.

d. Plus 1 effective in 1968.

**—Three counties in Group 1, Bremer, Jackson and Warren, had increased to over 20,000 population by 1970.

***—Two counties, Page and Floyd, had decreased below 20,000 population by 1970.

CHART NO. 2

Who filed new articles of incorporation for Chapter 496A corporations, during January-June 1969?

Group No. and Place of Business	Total	By Lawyers						Incor- poration Company	CPA	Corporation, its officers, other non-legal personnel	
		Within the County			Adjacent County	Other County	Other State				
		County Seat	Other City (over 5,000)	Other Place							
I											
County Seat	155	126	0	6	11	0	2	0	3	7	
Large City	3	0	2	0	0	1	0	0	0	0	
Other Place	101 (259)	19 (145)	0 (2)	25 (31)	35 (46)	14 (15)	4 (6)	0 (0)	0 (3)	4 (11)	
II											
County Seat	77	61	0	0	7	5	2	0	0	2	
Large City	8	1	5	0	1	1	0	0	0	0	
Other Place	32 (117)	5 (67)	0 (5)	10 (10)	11 (19)	6 (12)	0 (2)	0 (0)	0 (0)	0 (2)	
III											
County Seat	47	43	0	0	3	1	0	0	0	0	
Large City	0	0	0	0	0	0	0	0	0	0	
Other Place	13 (60)	10 (53)	0 (0)	0 (0)	1 (4)	1 (2)	0 (0)	0 (0)	0 (0)	1 (1)	
IV											
County Seat	154	132	2	0	5	7	5	0	0	3	
Large City	20	1	17	0	1	0	1	0	0	0	
Other Place	12 (186)	7 (140)	1 (20)	1 (1)	3 (9)	0 (7)	0 (6)	0 (0)	0 (0)	0 (3)	
V											
County Seat	64	56	0	1	2	1	3	0	0	1	
Other Place	6 (70)	3 (59)	0 (0)	1 (2)	0 (2)	0 (1)	2 (5)	0 (0)	0 (0)	0 (1)	

Group No. and place of Business	Total	By Lawyers							Incor- poration Company	CPA	Corporation, its officers, other non-legal personnel
		Within the County			Adjacent County	Other County	Other State				
		County Seat	Other City (over 5,000)	Other Place							
VI											
County Seat	238	202	4	0	2	6	16	0	0	8	
Large City	48	27	19	0	0	1	1	0	0	0	
Other Place	15	5	3	3	0	0	4	0	0	0	
	(301)	(234)	(26)	(3)	(2)	(7)	(21)	(0)	(0)	(8)	
VII											
County Seat	331	252	2	1	3	4	9	46	2	12	
Large City	21	10	7	0	0	1	0	0	0	3	
Other Place	3	2	0	1	0	0	0	0	0	0	
	(355)	(264)	(9)	(2)	(3)	(5)	(9)	(46)	(2)	(15)	
Total	1,348	962	62	49	85	49	49	46	5	41	
Percentage	100%	71.36%	4.60%	3.64%	6.30%	3.64%	3.64%	3.41%	0.37%	3.04%	

CHART NO. 3

(A) Who filed new articles of incorporation for Chapter 504A corporations, during January-June, 1969?

Group No. and Location	Total	By Lawyers			Adjacent County	Other County	Other State	Corporation, its officers, other non-legal personnel
		County Seat	Other City	Other Place				
I								
County Seat	48	36			2	2	1	7
Other Place	30	13		8	5			4
	(78)	(49)		(8)	(7)	(2)	(1)	(11)
II								
County Seat	11	6		1	1	2		1
Other City	5	2						3
Other Place	20	3	1	10	1			5
	(36)	(11)	(1)	(11)	(2)	(2)		(9)
III								
County Seat	7	5						2
Other Place	4			3	1			
	(11)	(5)		(3)	(1)			(2)
IV								
County Seat	48	37				2		9
Other City	6		5				1	
Other Place	3	1			1	1		
	(57)	(38)	(5)		(1)	(3)	(1)	(9)
V								
County Seat	12	8						4
Other Place	1				1			
	(13)	(8)			(1)			(4)
VI								
County Seat	27	19	1				1	6
Other City	5	4			1			
Other Place	6	6						
	(38)	(29)	(1)		(1)		(1)	(6)
VII								
County Seat	39	20		1	1			17
Other City	2	1	1					
Other Place	4	2		2				
	(45)	(23)	(1)	(3)	(1)			(17)
Total New								
504A	278	163	8	25	14	7	3	58

(B) Who filed renewal articles of incorporation for Chapter 504 corporations, during January-June, 1969?

Group No. and Location	Total	By Lawyers			Adjacent County	Other County	Other State	Corporation, its officers, other non-legal personnel
		Within the County						
		County Seat	Other City	Other Place				
I								
County Seat	3	1 ^d						2
Other Place	5	1		3	1			
	(8)	(2)		(3)	(1)			(2)
II								
Other Place	4	2 ^{ac}		1 ^b				1 ^d
IV								
County Seat	1	1 ^a						
VI								
County Seat	1	1						
Other Place	1			1 ^c				
	(2)	(1)		(1)				
VII								
County Seat	1							
Total renewals	16	6		5	1			4
a—Effective 1941								
b—Effective 1946								
c—Effective 1963								
d—Effective 1968								
e—Effective 1929								

(C) Who filed reincorporations of Chapter 504 corporations as 504A corporations, during January-June, 1969?

II								
Other Place	1			1				
IV								
County Seat	1							1
Total	2			1				1

(D) Who filed articles of dissolution for Chapter 504A corporations, during January-June, 1969?

I								
County Seat	2	1						1
VII								
County Seat	1	1						
Total	3	2						1

(E) Who filed articles of renewal for Chapter 497 corporations, during January-June, 1969?

Group No. and Location	Total	By Lawyers			Adjacent County	Other County	Other State	Corporation, its officers, other non-legal personnel
		Within the County						
		County Seat	Other City	Other Place				
I Other Place	1							1

(F) Who filed restated articles for Chapter 504A corporations, during January-June, 1969?

I								
County Seat	4	4						
II								
Other Place	2			2				
IV								
County Seat	2	2						
V								
County Seat	2	2						
VI								
County Seat	8	6					1	1
VII								
County Seat	6	6						
Other Place	1 (7)	(6)		1 (1)				
Total	25	20		3			1	1

(G) Total filings new, renewal, restated and reincorporated articles of incorporation for Chapters 504, 504A and 497 corporations during January-June, 1969

Total	325	191	8	34	15	7	4	66
Percentage	100%	58.8%	2.5%	10.5%	4.6%	2.1%	1.2%	20.3%

CHART NO. 4

(A) Who filed restated articles of incorporation for Chapter 496A corporations, during January-June, 1969?

Group No. and Location	Total	By Lawyers			Adjacent County	Other County	Other State	Corporation, its officers, other non-legal personnel
		County Seat	Other City	Other Place				
I								
County Seat	10	5				3	2	
Other Place	3	3						
	(13)	(8)				(3)	(2)	
II								
County Seat	3	2			1			
Other Place	3	1					2	
	(6)	(3)			(1)		(2)	
III								
County Seat	1	1						
IV								
County Seat	10	10						
Other City	1		1					
	(11)	(10)	(1)					
V								
County Seat	6	3				2	1	
VI								
County Seat	21	17			1	1	1	1
Other City	2		2					
	(23)	(17)	(2)		(1)	(1)	(1)	(1)
VII								
County Seat	27	21		1			2	3a
Total	87	63	3	1	2	6	8	4
a—one was filed by accountant.								

a—one was filed by accountant.

(B) Who filed articles of consolidation for Chapter 496A corporations, during January-June, 1969?

IV								
County Seat	1	1 ^a						

a—Consolidation involved two Chapter 496A corporations from same locality.

(C) Who filed renewal articles of incorporation for Chapter 491 corporations, during January-June, 1969?

I								
County Seat	11	7						4 ^a
Other Place	5	1				1		3 ^b
	(16)	(8)				(1)		(7)

Group No. and Location	Total	By Lawyers			Adjacent County	Other County	Other State	Corporation, its officers, other non-legal personnel
		County Seat	Other City	Other Place				
II								
County Seat	1	1						
Other City	1					1		
Other Place	4	1		1				2 ^b
	(6)	(2)		(1)		(1)		(2)
IV								
County Seat	3	2						1
Other City	1		1					
Other Place	3			2				1 ^c
	(7)	(2)	(1)	(2)				(2)
VI								
County Seat	4	4						
Other Place	1							1 ^c
	(5)	(4)						(1)
VII								
County Seat	3	3 ^d						
Total renewals	36	19	1	3	0	2		11

a—3 are banks

b—2 are banks

c—1 is bank

d—1 is insurance company

(D) Who filed articles changing Chapter 491 corporation to Chapter 499, during January-June, 1969?

III								
Other Place	1				1			

(E) Who filed new articles of incorporation under Chapter 491, during January-June, 1969?

I								
County Seat	1							1 ^a
Other Place	1			1 ^b				
	(2)			(1)				(1)
II								
Other Place	1	1 ^c						
IV								
Other City	1							1 ^d
Total	4	1		1				2

a—auto dealer

b—gun club

c—community development corporation

d—bank

CHART NO. 5

(A) Number of filings of articles of incorporation for Chapter 496A corporations by each lawyer or law firm, during January-June, 1969.

Number of filings, Location of filer	Number filing, by Group No.							Total
	I	II	III	IV	V	VI	VII	
33—county seat							1	1
30—county seat							1	1
17—county seat							1	1
14—county seat							2	2
13—county seat							1	1
11—county seat							1	1
10—county seat				1				1
9—county seat					2	1		3
8—county seat						2	2	4
7—county seat	1					1	1	3
7—other city						1		1
6—county seat	1			3	1	1	2	8
6—other city						1	1	2
5—county seat	1	1	1	3		9	4	19
4—county seat	2	4	5	4	3	5	10	33
4—other place		1						1
3—county seat	10	3	2	6	1	12	9	43
3—other city				3		1		4
3—other place	2							2
2—county seat	26	7	8	19	7	19	24	110
2—other city		3		5		5	2	15
2—other place	6	1						7
1—county seat	44	24	6	24	5	44	38	185
1—other city		1		1		3	2	7
1—other place	13	6		1	3	1	1	25
Total firms filing	106	51	22	70	22	106	103	480

(B) Number of filings of new and renewal articles of incorporation for Chapter 491 corporations, by each lawyer or law firm, during January-June, 1969.

Number of filings, Location of filer	Number filing, by Group No.							Total
	I	II	III	IV	V	VI	VII	
2—county seat	1							1
2—other city				1				1
1—county seat	6	2		2		5a	4b	19
1—other city				1				1
1—other place	1	1					1	3
Total firms filing	8	3		4		5	5	25

a—two also filed 496A articles, (one had 5)

b—four also filed 496A articles (one had 30)

CHART NO. 6

Number of lawyers and law firms who filed articles of incorporation for Chapter 496A Corporations from Group No. counties different from their own.

Group No. for lawyer or firm	Group No. (and number of filings) of Corporations							
	I	II	III	IV	V	VI	VII	Total
	(one filing)							
I	—	2	0	2	4	0	3	11
II	6	—	0	4	0	0	2	12
III	1	0	—	0	0	1	0	2
IV	6	1	1	—	0	2	0	10
V	2	1	0	0	—	0	0	3
VI	7	2	2	2	0	—	0	13
VII	5	8	1	4	1	1	—	20
	(two filings)							
II	1	—	0	0	0	0	0	1
IV	1a	0	0	—	0	1a	0	1
V	2	0	0	0	—	0	0	2
VI	2b	2b	0	0	0	—	0	3
VII	1a	1ac	0	0	0	1c	—	2
	(three filings)							
IV	1	0	0	—	0	0	0	1
VI	0	1	0	0	0	—	0	1
VII	1a	2ad	0	1a	0	1d	—	2
	(five filings)							
VII	0	1e	1e	1e	0	0	—	1

a—1 firm filed once in each of indicated group number areas.

b—1 firm filed once in each of indicated group number area, 1 firm filed twice in area 1 and another firm filed twice in area 2.

c—1 firm filed once in each of indicated group number areas.

d—1 firm filed twice in category II and once in category VI.

e—1 firm filed once each in category II and III and three in category IV.

CHART NO. 7

Sales Tax Permits Issued, as of January, 1970, to Chapter 496A Corporations Included in New Corporations in Chart No. 1.

Group No.	Total	Permits in County	in Adjacent County	in Other County	Cancelled	No Permit
I	259	110		3	2	144
II	117	53	3	2		59
III	60	16	2			42
IV	186	58	1	2	1	124
V	70	21	1	1		47
VI	301	68	1	4		228
VII	359	69	1	13		276
Total	1,352	395	9	25	3	920

CHART NO. 8

Frequency of Members of Iowa Law Firm filing articles who acted as initial registered agent, incorporator, initial officer or initial director; obvious use of dummy incorporators.

Group No. & No. Filings per firm	No. Registered Agents	No. Reg. Agent & 1 or more Director &/or incorporator	1 or more Director or Officer	1 or more Incorporator	1 or more Director- Incorp'r	Dummy Incorp'r
1-4 Filings						
I	13	2	8	3		
II	11	1	3		1	
III	10	3	8	3		
IV	24	12	4	4	4	
V	7					
VI	45	15	5	2	3	
VII	27	18	3	2	3	
5 filings						
II	1					
III	2					
IV	6					
VI	16	3	1			
6 filings						
I			1			
IV	7	4				
V	6			1	2	1
VII	2	2		2		
7 filings						
VI	6	12	1	5		
VII	2	1		1		
8 filings						
VI		6		1		
VII	2	1	1	6		
9 filings						
V	2					
VI	1	7				
VII	9				9	
10 or more filings						
IV-10	9					
VII-13	1	5				
VII-14	17	9	1			4
VII-30	16	7	3	1		
VII-33	33					32

CHART NO. 9

(A) Foreign corporations qualifying to do business in Iowa, during January-June, 1969; who filed for corporation?

Group No. of Registered Office	Total	Corporation or non-lawyer fil- ing, non-lawyer registered agent	Out-of-state attorney filer, Iowa attorney registered agent	Incorporating company as registered agent; filer			Iowa attorneys filing	
				Iowa Office	Other Office	Non-Iowa attorneys	In County	Other County
I	12	8	1				3	
II	1		1					
III	1						1	
IV	12	7	1				4	
V	17	10	5				2	
VI	13	10	1					1
VII	270	11	5	23	182	46	3	
Total	326	46	14	23	182	46	14	1

(B) Foreign corporations qualifying to do business in Iowa, during January-June, 1969, in what state are they incorporated?

Number incorporated in State	State of incorporation
99	Delaware
28	Minnesota
23	Nebraska
19	Illinois, Missouri, Tennessee, Wisconsin
12	Kansas, Texas
11	California
9	Colorado, Indiana, Ohio
5	New York
4	Florida, Nevada, Pennsylvania
3	Michigan, Oklahoma
2	Arkansas, Georgia, South Dakota
1	Hawaii, Idaho, Maine, New Hampshire, North Dakota, Oregon, Utah, Washington, Wyoming

CHART NO. 10

To What extent do foreign firms incorporate in Iowa?

A. Iowa incorporations under Chapter 496A during January-June, 1969 with foreign relationships.

Legend	Group Number							Total
	I	II	III	IV	V	VI	VII	
Filed by Iowa Attorney								
All incorporators, directors or officers non-Iowan	2	1	0	5 ^b	3	8	5 ^c	24
Some non-Iowan	7	2	1 ^a	4	0	15 ^a	10	39
Some non-Iowan, apparently related to Iowans	5	1	1	1	0	0	2	10
Filed by non-Iowan attorney								
All Iowan officers, directors or incorporators	3 ^{dd}	0	0	0	2	3	1	9
Some non-Iowan	2 ^d	1	0	2	1	2	1	9
All non-Iowan	1	1	0	4	1	14	7	27
Attorney is only incorporator-director	0	0	0	0	0	2	0	2
Filed by Incorporation Company								
non-Iowan officers-directors or incorporators	0	0	0	0	0	0	43	43
Some Iowan	0	0	0	0	0	0	2	2
Filed by Iowa corporation or individual								
Some Iowan incorporators, directors or officers	0	0	0	1	0	0	3	4
Filed by non-Iowan corporation or individual								
Some Iowan incorporators, directors or officers apparently related to non-Iowans	0	0	0	0	1	0	0	1
All non-Iowan incorporators, directors or officers	0	0	0	0	1	1	2	4
Total	20	6	2	17	9	45	76	175

a—Attorney is only Iowa director or incorporator in 1

b—Iowa attorney-filer apparently related to non-Iowans involved in 1

c—All directors in 1 have address at Iowa attorney incorporator's office

d—non-Iowa attorney in 1 is sole incorporator

B. How many appear to have no Iowa business?

Total	0	0	0	6	1	4	17	28
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CHART NO. 11
1969 Corporations Discontinuing or Inactive

Explanation	I	II	III	IV	V	VI	VII	Total
Total filed	259	117	60	187	69	301	357	1350
Merged, 1969						1	2 ^a	3
Dissolved, 1969				1				1
Cancelled, 1969-70	13	6	3	12	4	25	36 ^b	99 ^b
Discontinued 1969-70	(13)	(6)	(3)	(13)	(4)	(26)	(38)	(103)
Remaining live	246	111	57	174	65	275	319	1247
Merged, 1970						2	5 ^a	7
Dissolved, 1970			3	3		2	7	15
No Annual Report, 1971 ^c	13	8	8	15	10 ^d	35 ^d	44	133
Discontinued, 1970-71 ^c	(13)	(8)	(11)	(18)	(10)	(39)	(56)	(155)
Remaining live	233	103	46	156	55	236	263	1092
Inactive in Iowa 1969 ^e	1			4	1	5	14	25
Reported business 1970						1		1
Bankrupt, 1970						1 ^f		1
No report, 1970				1		1		2
				(1)		(3)		(4)
Inactive in Iowa 1970	1			3	1	2	14	21
Inactive, 1969 ^e	7	3	6	8	7	16	18	65
No business listed, 1969 ^g	17	9	6	22	6	38	27	125
Reported business, 1970	10	8		6	2	16	13	55
No report filed, 1970 ^c	5	2	4	4	4	10	8	37
Dissolved				1		1	2	4
Change	(15)	(10)	(4)	(11)	(6)	(27)	(23)	(96)
Inactive, 1970	4		5	5	2	8	8	32
No business listed, 1970	5	2	3	14	5	19	14	62

- a. One of the corporations listed as merged in 1969 and one listed as merged in 1970 were involved in the same merger, but are listed in different years because one had filed an annual report for 1969, while the other did not.
- b. One corporation was cancelled in June, 1969, for failure to pay incorporation fees; all others were cancelled in November, 1970, for failure to file annual reports.
- c. The figures for no annual reports are based on filings as of mid-August, 1971. Based upon indications from 1970, some of these are apt to file before the November, 1971 cancellation, and some few may file after. However, filings became delinquent April 1.
- d. In each group, 3 had been cancelled in November, 1971, 1 had been "reinstated," and the cancellations for the other two had been marked "void." One cancellation was voided when the annual report was received on the day the cancellations were issued.
- e. Instructions with the annual reports inform the corporations that if no business is carried on in Iowa, the report may be marked "inactive in Iowa"; if the corporation has not been active at all, it may be marked "inactive"—however, several comparable statements were used and have been so treated.
- f. Has an Iowa trustee.
- g. Some of these are known to have been in business. One said "out of business"; the others omitted completion of this portion of the annual report.

CHART NO. 12

Extent to which Articles Filed Followed Iowa State Bar Association
Recommended Form

Group No.	Total filed	Total Analyzed	No Significant Variations	Additional Provisions ^b		
				1-3	4-9	10 or more
I	259	36	4	9	14	9
II	117	15	0	10	3	2
III	60	8	0	3	3	2
IV	186	23	2	8	9	4
V	70	12	1	6	4	1
VI	301	41	5 ^a	16	11	9
VII	355	49	3	17	19	10
	1,348	184	15	69	60	37

a—Several were shorter, including one that omitted the preamble and provision for initial director (the reference to the statute incorporated under was included in the article on name).

b—Or omitted ones (some omit a duration provision; several omitted the provision for names and addresses of incorporators, but included addresses in the space for incorporator signatures).

CHART NO. 13

Use of Statutorily Required Identifying Devices in Corporate Names

Form of Device Used	I	II	III	IV	V	VI	VII	Total
Co.	14	6	7	14	5	26	16	88
Co., Inc.	10	2	0	7	0	7	6	32
Co., Incorporated	0	0	0	0	0	1	0	1
Company								
(or "and Company")	15	7	3	7	4	16	22	74
Company, Inc.	1	3	1	2	2	8	4	21
Company, Incorporated	1	0	0	0	0	0	0	1
Corp.	6	2	2	1	1	7	14	33
Corporation	16	4	6	10	5	19	31	91
Corporation of _____	0	0	0	1	0	0	0	1
Corporation, Inc.	0	1	0	0	0	0	0	1
Bancorporation	0	0	0	0	0	0	1	1
Inc.	11	3	3	9	2	11	7	46
Inc.	174	82	37	121	47	191	230	882
Incorporated	2	1	0	2	2	1	6	14
, Incorporated	8	4	0	6	1	5	12	36
Ltd.	0	1	0	1	0	3	0	5
, Ltd.	1	1	1	5	1	6	6	21
	259	117	60	186	70	301	355	1,348

CHART NO. 14
Use of Geographic Terms in Corporate Names

Geographic Terms Used	Group No.							Total
	I	II	III	IV	V	VI	VII	
(City) _____	30	15	4	12	1	10	5	77
(City) _____ (but registered office in another city)	4	1	0	2	1	0	10	18
_____ of (City)	7	0	0	4	1	2	5	19
_____ of (City) (but registered office in another city)	2	2	0	1	1	2	7	15
(County) _____	1	1	3	1	0	0	2	8
(County) _____ (but registered office in another county)	0	0	0	1	0	0	1	2
_____ of (County)	1	0	0	0	0	0	0	1
Iowa _____	1	1	2	2	1	0	11	18
_____ of Iowa	2	0	0	1	0	5	13	21
_____ of (other state)	1	0	0	0	0	1	0	2
Iowa-(other state) _____	0	0	0	0	0	1	1	2
(City outside Iowa) _____	0	0	0	2	0	2	2	6
American _____	0	0	0	0	0	1	5	6
_____ of America	0	0	0	0	0	1	4	5
	49	20	9	26	5	25	66	200

CHART NO. 15

Changes of Corporate Name, 1969-71, for Corporations incorporating be-
tween January-June, 1969

Year of Change	Group No.							Total
	I	II	III	IV	V	VI	VII	
1969-70	1	1	1	1 ^b	1 ^c	9 ^e	11 ^{f,g}	25
1970-71	1	3 ^a	1	5 ^b	1 ^d	8	7 ^h	26

- a. Two also changed capital stock.
- b. One changed name twice, once each year, and also changed capital stock once.
- c. Cancelled for failure to file 1969 annual report.
- d. No 1970 annual report filed.
- e. Three of these did not file 1970 annual report.
- f. One changed name twice, and before second change changed Registered Office to Group VI county.
- g. One cancelled for nonreporting in 1969, one changed capital stock, one filed no 1970 annual report.
- h. One dissolved after changing name.

CHART NO. 16

Number and Nature of Incorporators, Chapter 496A corporations, Organized
between January-June, 1969

Legend	County Group No.							Total
	I	II	III	IV	V	VI	VII	
1. Incorporator								
Corporation	2	0	0	0	0	0	5	7
Dummy	0	0	0	0	0	0	4	4
Attorney or his staff	6	2	2	11	4	48	39	112
also director and agent	24	10	0	15	3	25	17	94
also director, attorney agent	0	1	0	9	0	15	7	32
also director, spouse agent	0	1	0	0	0	0	0	0
others have other positions	26	16	9	24	10	49	24	158
Total 1 incorporators	(58)	(30)	(11)	(59)	(17)	(137)	(96)	(408)
2. Incorporators								
corporation is one	2	0	0	0	0	1	0	3
dummy	0	0	0	0	0	0	5	5
attorney is one	1	0	1	4	1	2	5	14
attorneys and/or staff	2	0	1	2	0	8	4	17
spouses ^a	44	20	18	23	8	38	32	183
related ^b	8	2	3	7	2	5	7	34
unrelated	25	18	3	26	14	38	30	154
Total 2 incorporators	(82)	(40)	(26)	(62)	(25)	(92)	(83)	(410)
3. Incorporators								
dummy	2	0	0	0	0	0	35	37
attorney is one	1	0	3	4	2	4	5	19
attorney and/or staff are two	0	0	0	0	0	1	0	1
attorney and/or staff are 3	0	0	1	0	0	1	0	2
spouses plus relative ^{ab}	9	3	0	0	1	0	2	15
spouses plus nonrelative ^{ab}	0	0	0	2	4	4	1	11
related ^b	5	1	1	3	1	6	1	18
unrelated	17	14	2	17	9	13	10	82
Total 3 incorporators	(34)	(18)	(7)	(26)	(17)	(29)	(54)	(185)
4. Incorporators								
dummy	0	0	0	0	0	0	1	1
attorney is one	1	0	0	2	0	0	1	4
two couples ^a	4	1	3	3	0	2	3	16
one couple with relatives ^{ab}	1	0	0	0	1	0	0	2
one couple are two of four	0	0	0	0	1	1	0	2
related ^b	2	1	1	2	0	0	1	7
unrelated	4	2	1	4	1	3	3	18
Total 4 incorporators	(12)	(4)	(5)	(11)	(3)	(6)	(9)	(50)
5. Incorporators								
Attorney is one	0	0	0	1	0	0	1	2
unrelated	2	1	0	0	0	0	0	3
Total 5 incorporators	(2)	(1)	(0)	(1)	(0)	(0)	(1)	(5)
6. 6-52 incorporators ^c								
6 related	0	0	0	0	1	0	0	1
9 including one attorney	1	1	0	0	0	0	0	2
10 including one attorney	1	0	0	0	0	0	0	1
22 including one attorney	1	0	0	0	0	0	0	1
52 including one attorney	1	0	0	0	0	0	0	1
Total 6-52 incorporators	(4)	(1)	(0)	(0)	(1)	(0)	(0)	(6)

Legend	County Group No.							Total
	I	II	III	IV	V	VI	VII	
Over 4 incorporators ^d								
Attorney is one	0	0	0	1	0	0	1	2
one couple included	0	0	1	0	0	0	0	1
two couples included	1	0	0	0	0	0	0	1
two corporations included	1	0	0	0	0	0	0	1
related individuals included	1	0	0	0	0	0	0	1
unrelated individuals included	9	4	0	1	2	6	0	21
Total over 4 incorporators	(12)	(4)	(1)	(2)	(2)	(6)	(1)	(28)
no incorporators listed ^e								
corporation filed articles ^f	0	0	0	0	0	0	3	3
attorney is sole officer	0	1	0	0	0	0	2	3
attorney an officer or director	1	3	3	5	1	6	21	40
spouses officers ^a	22	7	1	5	2	10	23	70
spouses and relative officers ^{ab}	3	1	1	1	1	1	1	9
related officers ^b	9	1	0	2	0	2	10	24
sole officer	7	1	0	2	1	2	12	25
unrelated officers or directors	11	4	2	10	0	9	38	74
Total unlisted	(55)	(19)	(10)	(25)	(5)	(31)	(108)	(256)
Total	259	117	60	186	70	301	355	1,348

- a. Based on assumption that man and woman, with same last name and same address, are married couple rather than parent-child.
- b. Based on assumption that persons with same last name (or apparent maiden name similarity) are relatives, and not married to each other, because apparently of same sex (based on name), or because of different addresses.
- c. Inclusion of many incorporators' names in the incorporators' article, with their addresses, and of their signatures, adds several pages to the articles and increases filing fees.
- d. The clerks in the Secretary of State's office who typed incorporators' names on the file copy of the certificate of incorporation usually did not list more than 4 incorporators' names, but indicated there were more.
- e. See n. 35 for explanation for this heading.
- f. The filing corporation was a parent or an affiliate, apparently.

CHART NO. 17

Types of Powers and Purposes Clause used in Articles of Chapter 496A corporations organized between January-June, 1969

Legend	County Group No.							Total
	I	II	III	IV	V	VI	VII	
Used Statutory "unlimited" purposes	227	108	59	178	64	283	306	1,255
Used limited purposes only	7 ^a	4 ^b	1 ^c	2 ^d	2 ^e	8 ^f	27 ^g	47
Used limited purposes plus "unlimited" purposes	25	5 ⁿ	0	6 ^p	3 ^q	10 ^r	22 ^s	71

- a. Included were corporations to engage in business involving: food; electronics equipment; marine service; meat products; farm machinery parts; farming; fertilizer and agricultural products.
- b. Included were: retail and wholesale gas and oil; ballroom, skating rink and club; real estate and building construction; local development corporation.
- c. Auto equipment, parts and accessories.
- d. Included were: purebred livestock sales; general sales for manufacturers' representatives.
- e. Included were: refrigerator sales and service; auto utility trailer rental.
- f. Included were: retail furniture sales; electrical contracting; motel; bank building; local economic development; architects; manufacturers' representative; Colorado winter and summer resort.
- g. Twenty-five were filed by or through the three incorporation services companies. Included were: food-7; apparel-6; broker-4; loan-2; general merchandising-2; nursing home; building management; management and business agent; real estate sales in Iowa of non-Iowa real estate; drugs and drug information; sand-blasting and refinishing.
- n. Included were: retail; nursing home; clothing; shoes; electronic devices.
- p. Included were: real estate; abstracts; insurance agency; restaurants; dry cleaning and laundry; institutional care.
- q. Included were: food market; wigs; janitorial services.
- r. Included were: prepared food at retail; scrap materials; general mercantile; floor covering; transportation of milk and cream; general investment and brokerage; general sales engineering; two which had the unlimited provision but added much detail as to powers; and one which was unlimited but not to be contrary to "law or by-laws."
- s. Twelve were filed by or through two of the incorporation services companies, one by an out-of-state firm which did not use such companies. These included six involved in food retailing; and two which added slightly to the unlimited provision.

CHART NO. 18

Principal Corporate Business Activity in Iowa, as shown in Annual Reports filed for 1970 and 1971 by Corporations Incorporated between January-June, 1969

Activity described	County Group No.							Total
	I	II	III	IV	V	VI	VII	
unlimited, "496A," any, general, or "active"	1	2	2	0	1	7	2	15
none stated; question not answered	13	4	5	13	4	21	19	79
inactive	7	0	6	13	7 ^a	20	17	69
inactive in Iowa	1	0	0	6	1	6	15	29
cancelled, 1970	10	5	1	11	4	24	34	89
dissolved, 1970 or 1971	0	3	3	2	0	1	4	12
merged into other corporation	0	0	0	0	0	1	2	3
farming, livestock, horticulture	28	9	4	8	3	10 ^b	6	68
farm services and farm related (elevators, seed, fertilizer, implements, management)	37	7	5	7	0	5	4	65
community development	1	1	1	0	0	0	0	3
real estate investment and rental	3	4	5 ^{cc}	7	4	13 ^c	11	47
real estate development	5	1	0	9	2	10	10	37
real estate (including agencies)	4	1	2	2	0	6	13	28
apartments, motels, hotels	0	1	0	4	2	5	8	20
mobile homes, parks, sales	2	1	0	1	1	4	4	13
buildings for related business (<i>i.e.</i> , bank, medical practice)	2	1	0	1	0	1	0	5
land title holding only	0	0	0	0	1 ^d	1	1 ^e	3
building management, repair, maintenance	0	0	0	0	0	0	4	4
real estate and insurance	3	1	1	1	0	0	0	6
insurance (agencies)	7	2	1	1	0	6	4	21
insurance and investments	0	1	0	0	0	0	1	2
investments (and holding companies)	4	0	1	4 ^f	1	8 ^g	15	33
retirement and nursing homes	5	1	1	2	0	1	5	15
construction, contracting	14	13	3	14	1	21	25 ^h	91
trucking and transportation	8	1	1	0	1	7	1	19
manufacturing (other than farm related)	12	5	2	4	4	15	10	52
manufacturers' representatives	0	0	0	0	0	2	3	5
wholesalers and distributors	1	2	0	3	0	1	4	11
wholesalers and retailers	1	5	2	1	0	9	14	32
advertising and sales promotions	3	0	1 ⁱ	0	1	3	6	14
printing and publication	6	0	0	0	2	2	6	16
motion picture production	1	0	0	0	0	0	1	2
radio, TV, and communication								
restaurants, drive-ins, taverns	0	4	1	7	3	16	10	41
recreation and amusement facilities	4	5	1	1	3	1	7 ^j	22
airports, airplanes, flight training	1	0	1	2	0	0	1	5
vocational education	0	0	0	1	0	2	2	5
financing	0	0	0	0	0	2	6	8
leasing	2	2	1	3	2	6	3	19

Activity described	County Group No.							Total
	I	II	III	IV	V	VI	VII	
computer and data processing								
service	1	0	0	1	2	0	7	11
consultant service	1	0	0	3	0	8	2	14
Retail sales:								
automobile & truck sales	10	4	1	3	1	3	3	25
boats, marine, recreational								
vehicles, sporting goods	3	2	0	1	0	1	2	9
department stores	0	0	0	0	1	0	2	3
dry goods and clothing	11	6	1	2	3	1	13	37
drugs	4	1	0	2	0	0	2	9
furniture and appliances	3	0	0	2	1	6	1	13
grocery and supermarket	4	3	0	2	2	2	0	13
hardware, plumbing, heating,								
electric	3	4	0	2	2	3	0	14
imports	1	0	0	0	0	1	0	2
jewelry	0	0	0	1	0	2	1 ^k	4
lumber and building material	3	1	0	0	1	1	0	6
music and musical instruments	0	0	0	0	1	0	1	2
service station, truck stop,								
fuel distributor	3	1	1 ^m	5	0	1	4	15
tires	1	1	0	0	0	0	0	2
miscellaneous, or other								
retailers	9	2	3	5	1 ⁿ	7	5	32
industrial supplies and equipment	0	0	1	5	1	5	3	15
funeral homes	1	1	1	1	0	0	8	12
laboratories	1	0	0	0	1	2	1	5
car washes	2	2	0	0	0	0	0	4
scrap metal	1	0	0	0	0	1	0	2
florists, nurseries	1	0	0	0	0	3	0	4
commodities trading, bonds,								
brokers	1	2	0	1	0	2	1	7
franchising	0	1	1	1	0	0	2	5
auto body shop and repairs	0	0	0	0	0	2	0	2
beauty school and parlor	1	0	0	2	0	0	0	3
dry cleaning and laundry	0	0	0	2	1	1	1	5
collection of accounts	0	0	0	1	0	1	2	4
other services	0	1 ^o	0	7 ^p	3 ^q	1 ^r	8 ^s	20
vending machines	0	0	0	0	0	1	1	2
miscellaneous	0	1 ^t	0	4 ^u	1 ^v	6 ^w	6 ^x	18
others with several purposes								
stated: contracting, construction								
& other	3 ^y	1 ^z	0	0	0	0	0	4
service station and								
truck rentals	0	0	0	1	0	0	0	1
car washes and other	1 ^{aa}	0	0	1 ^{bb}	0	0	0	2
imports and real estate	1	0	0	0	0	0	0	1
pharmaceutical products and								
stock purchasing	0	0	0	1	0	0	0	1
photography and building rental	0	0	0	0	0	1	0	1
Total	259	117	60	186	70	301	355	1,348

Activity described	County Group Number							Total
	I	II	III	IV	V	VI	VII	
a. indicated it was out of business, in 1971 report.								
b. one said farming and investment.								
c. one said "any lawful business," in 1971 report.								
d. for trap shooting area.								
e. to maintain access road to residential area.								
f. bank holding company.								
g. includes holding companies for retail clothier, bank, and Illinois life insurance company.								
h. one stated its activity was to construct a post office in a small city in another county.								
i. went into liquidation, in 1970.								
j. one involves organizing a professional football league for lightweight players.								
k. sells and engraves trophies and plaques.								
m. changed location and from tire recapping business, in 1970.								
n. wigs.								
o. tanning.								
p. bank broker, abstracts, ambulance service, power cleaning, purchasing agent, student center.								
q. janitor service, trash and garbage, warehouse.								
r. pest exterminator.								
s. health services, metal work, optical, personnel placement, refuse collection.								
t. prefabricated components for buildings.								
u. cemetery, inventions, awnings, metal work.								
v. photography.								
w. purchase tax sale certificates; design apparel, learning techniques tools, patents and ideas (wholesale only), miscellaneous, various.								
x. artificial turf distributor, art dealer, burglar alarms and security devices, sell out-of-state real estate; royalties; provide water supply for private lake development.								
y. other activities include: amusement business, management and office service, and other legal business.								
z. retail lumber.								
aa. other income producing property.								
bb. building rental.								
cc. showed auto sales and service, on 1970 report.								

CHART NO. 19

Provisions for Duration and Commencement of Corporate Existence, Chapter 496A corporations incorporated between January-June, 1969.

A. Duration period designated (all corporations surveyed)

Period designated	Group No.							Total
	I	II	III	IV	V	VI	VII	
Perpetual	254	117	60	186	69	296	353	1,335
10 years	0	0	0	0	0	1	0	1
20 years	3	0	0	0	0	3	1	7
25 years	1	0	0	0	1	0	1	3
40 years	0	0	0	0	0	1	0	1
50 years	1	0	0	0	0	0	0	1
Total	259	117	60	186	70	301	355	1,348

B. Use of provisions postdating existence (all corporations surveyed)

Periods used	Group No.							Total
	I	II	III	IV	V	VI	VII	
October, 1968 to January 1, 1969	1	1	0	0	0	0	0	2
November, 1968, to January 1, 1969	2	3	0	1	0	0	0	6
December, 1968, to January 1, 1969	14	10	8	9	4	10	11 ^a	66
To later date in same month	8	7	2	3	2	7	2	31
To later date in next month	13	10	3	15	3	17	7	68
To later date in second month later	1	0	0	0	0	2	0	3
May to July 1 ^b	0	0	0	1	0	4	0	5 ^b
June to July 1 ^b	12	7	4	4	1	5	1	34 ^b
Total	51	38	17	33	10	45	21	215

a—Three articles, from the same firm, were effective January 2, 1969, instead of January 1.

b—All articles in these two categories have been excluded from any other statistical itemization in this study; they have been treated as being outside January-June incorporation.

C. Provisions for commencement of corporate existence (in 186 articles examined in detail)

Nature of provision	Group No.							Total
	I	II	III	IV	V	VI	VII	
On issue of certificate	13	1	0	4	1	11 ^a	9	30
On issue of "charter"	1	0	0	0	0	0	0	1
On first day after certificate issued	0	0	0	0	0	0	1	1
On issue of certificate, to be perpetual unless sooner dissolved	1	0	0	0	0	0	0	1
Postdating (other than above)	0	0	0	0	0	3	0	3
Total	15	1	0	4	1	14	10	36

a—had limited life (40 years)

CHART NO. 20

Amendment Articles Included in Articles Filed by 184 of Chapter 496A corporations, filing January-June, 1969

Nature of Amendment Article	Group No.							Total
	I	II	III	IV	V	VI	VII	
power to, reserved	0	1	0	1	0	0	1	3
as per law	1	0	0	0	1	0	4	6
25% of each class	0	0	0	0	0	1	0	1
majority	0	0	1	0	0	6	1	8
majority present	1	0	0	0	0	0	0	1
majority outstanding	0	0	0	0	0	2	0	2
majority capital, unless otherwise provided	1	0	0	0	0	0	0	1
shareholders representing majority of stock	0	0	0	0	0	0	1	1
majority outstanding—5 days notice	0	0	1	0	0	0	0	1
majority outstanding—10 days notice	1	0	0	0	0	0	0	1
majority, except shareholder liability article	10	0	0	0	0	4	2	16
majority, except 2/3 for shareholder liability article	0	0	0	0	0	0	1	1
majority shareholders of record, except sh'dr liability article	0	0	0	0	0	0	1	1
majority capital stock, except sh'dr liability article	1	0	0	0	0	0	0	1
majority outstanding stock, except sh'dr liability article	0	1	0	10	0	0	0	11
majority present, except sh'dr liability article, 10 days notice; or 2/3 outstanding	0	0	0	0	1	0	0	1
51% outstanding, except sh'dr liability article	0	1	0	0	0	0	0	1
2/3 if pr'ds rights affected	0	0	0	0	0	1	0	1
2/3, except sh'dr liab. article	1	0	0	0	0	0	2	3
3/4	0	0	0	0	0	1	0	1
3/4 outstanding	0	0	0	1	0	0	0	1
3/4 except sh'dr liab. article	0	0	0	1	0	1	0	2
3/4 outstanding except sh'dr liab. sh'dr liability article	0	1	0	0	0	0	0	1
unamendable	1 ^a	0	0	0	0	0	0	1
amendment may be changed at meeting before adoption	0	0	0	0	0	0	1	1
Total	17	4	2	13	2	16	14	68
No amendment provision	19	11	6	10	10	25	35	116

- a. Some of the articles providing that private property of shareholders was exempt from corporate debt included language that that article was unamendable, or amendable only with unanimous consent; in the set of articles indicated there was a separate amendment provision.

CHART NO. 21

Dissolution Articles included in Articles filed by 184 of Chapter 496A corporations, filing January-June, 1969

Nature of Dissolution Article	Group No.							Total
	I	II	III	IV	V	VI	VII	
perpetual unless dissolved as per law	0	0	0	1	0	0	0	1
as per law	0	0	1	0	0	0	0	1
25% in interest in each class	0	0	0	0	0	1	0	1
equal vote on dissolution or liquidation	0	0	0	0	0	1	0	1
majority	0	0	0	1	0	2	0	3
majority entitled to vote	1	0	0	0	0	0	0	1
majority outstanding	0	0	0	0	0	1	0	1
51%	1	0	0	0	0	0	0	1
55% outstanding of each class	0	0	0	0	0	1	0	1
2/3	0	0	1	0	0	3	0	4
2/3 outstanding	0	0	0	0	0	1	0	1
2/3, or operation of law	0	0	1	0	0	0	0	1
2/3 at meeting, or unanimous consent	1	0	0	0	0	0	0	1
3/4	0	0	0	0	0	4	0	4
3/4 outstanding	0	1	0	0	0	0	0	1
3/4 or unanimous consent	0	0	0	0	0	2	0	2
unanimous, or 3/4 outstanding on 10 days notice	0	1	0	0	0	0	0	1
unanimous	0	0	0	0	0	1	0	1
two dissolution articles, each conforming to Chapter 496A	0	0	0	0	0	1	0	1
Total	3	2	3	2	0	18	0	28
no dissolution provision	43	13	5	21	12	23	49	156

LEGAL REMEDIES AND PRACTICAL CONSIDERATIONS IN DEALING WITH A WILDCAT STRIKE

Leon R. Shearer†

The development of Iowa's agricultural economy into a more industrialized economy has brought with it increased problems of labor relations. One of the most costly and difficult forms of such labor relations problems is the wildcat strike.¹

The term "wildcat strike" can have a very broad connotation; it can refer to any unauthorized concerted activity by members of a union at any time. Its normal use, and the one utilized in this article, is a more narrow one which refers to strikes, slowdowns or work stoppages in violation of the no-strike provisions of a collective bargaining agreement.

The wildcat strike represents an important problem to the employer because it can without warning cause serious and recurring losses of production and marketing and create a reputation for unreliability. The wildcat strike is additionally important to the employer because the threat of the wildcat strike poses a constant and serious threat to the efficient operation of the company, the ability of management to run its own operation and the development of an atmosphere of harmonious labor relations.²

Wildcat strikes also pose a serious threat to the International Union because each wildcat strike exposes it to a risk of liability and causes the expenditure of many man hours in resolving such problems. In addition, the International is faced with the difficult problem of controlling the local union officers and members and fulfilling its obligation to deal with the employer in developing a harmonious labor relations atmosphere.

The wildcat strikes also pose a significant problem to the local union leaders since they face discipline, including discharge, if they do not carefully fulfill their duty to observe and enforce the terms of the collective bargaining agreement, including the no-strike covenant. The local officer must also be concerned that his union's activities do not cause a damage action to be brought against his union. Not only would a judgment for damages resulting from a wildcat strike produce a source of constant drain on the local's treasury,

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¹ For general discussion see, Gould, *The Status of Unauthorized and "Wildcat" Strikes Under the National Labor Relations Act*, 52 CORNELL L.Q. 672 (1970); Magnum, *Taming Wildcat Strikes*, 38 HARV. BUS. REV. 44 (1966).

² See Note, *Reaction to the Wildcat Strike—The Employer's Dilemma*, 20 W. RES. L. REV. 423 (1969) for a discussion of the problems faced by the employer confronted by a wildcat strike.